

Do you know how Debtor Finance can assist in Solving your businesses Cash Flow Issues ?

What is Debtor Finance

Debtor finance is known by several names including Factoring, Debtor finance and Invoice lending and basically it is funding that assists businesses that are not getting paid for their invoices in sufficient time to meet the business requirement to pay suppliers and staff in a timely manner. This creates a cash flow problem in particular where a business is facing strong growth or where debtors are taking longer time periods to pay invoices. This is a problem faced by many small businesses and may be assisted by a Debtor Finance Facility being put in place.

How Does Debtor Finance Work?

- Depending on the lender used, debtor finance provides:
- Up to 80% of invoice value within a few business days of claiming under the arrangement
- No 'bricks and mortar' security required
- Interest rates are comparable to overdraft facilities however facility does attract other fees and charges
- Increasing levels of funding as you grow
- Confidential –Usually there is no need for your customers to be aware of the facility – all invoicing and credit management remains with your business or accounts team (although this is a decision of the lender)

Benefits of Debtor Finance

There is an increased flexibility and greater cash position enjoyed by businesses using debtor finance which enables greater control over business working capital.

- Improve your business cash flow
- Reverse the cycle of increasing overdrafts often taken over the family home
- Pay your suppliers sooner to take advantage of discounts for prompt payment – improve relationships with suppliers
- Finance additional stock and resources
- Offer extended terms of credit to your customers when cash reserves are low
- Finance marketing and promotional activities to generate more sales

Contact John Adams at Jola Mortgage Brokers to discuss your situation through www.jolamortgagebrokers.com.au